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C O N F I D E N T I A L SECTION 01 OF 02 TEGUCIGALPA 000954

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DEPARTMENT FOR WHA/CEN, CA/VO

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SUBJECT: TFHO1:AMCHAM BOARD SAYS POLITICAL CRISIS IS
HARMING ECONOMY

REF: TEGUCIGALPA 565

Classified By: AMBASSADOR HUGO LLORENS FOR REASONS 1.4 B & D.

¶1. (C) Summary: Members of the Honduran American Chamber of Commerce (AmCham Honduras) said that the political crisis is seriously affecting their businesses and the economy as a whole, at a September 17 meeting with Embassy economic officers. One company has barred American employees from traveling to Honduras, which has hurt operations, according to a board member. The board members noted that AmCham is apolitical but personally expressed disagreement with the U.S. government's support for the return of President Zelaya.

EconCouns argued that the U.S. government believed that the San Jose Accords represented the best mechanism for a return to long-term political and economic stability, but board members were unconvinced that the accords would include safeguards strong enough to prevent violence and abuse of power by President Zelaya. End summary.

¶2. (U) EconCouns and EconOff met with members of the board of directors of the Honduran American Chamber of Commerce (AmCham Honduras) on September 17. The following members, all Honduran nationals, were present: Juan Manuel Moya of Tigo (President), Daisy Pastor Fasquelle of Seaboard Marine (Vice President), Patricia Lopez (Executive Director), Jose Eduardo Atala of John Deere (Director), and Luis Quilico of CCS de Honduras (Director).

¶3. (C) Although AmCham Honduras does not take official positions on political issues, the board members made it clear that they personally disagreed with U.S. support for the return of President Zelaya. They expressed concern that the crisis was doing economic damage to Honduras. EconCouns said that the San Jose Accords represents the best path to long-term political stability and economic growth, and that elections in the absence of political consensus were unlikely to restore confidence of international investors.

¶4. (SBU) One AmCham board member said that there had been no new investment in Honduras since the crisis began. Board members urged the State Department to consider revising its travel warning advising American citizens against non-essential travel to Honduras. They pointed out that, in spite of the continued regular protests in Tegucigalpa, there has not been widespread violence. They believe that the travel warning is hampering bilateral trade as U.S. business

travelers are heeding the message to defer travel to Honduras. Atala, who is the local John Deere representative, said that it had become more difficult to sell commercial tractors imported from the U.S. because John Deere will not send people to train local mechanics in light of the travel warning. In addition, he said, the delivery of the largest tractor the company has ever sold in Honduras has been delayed because the American company employee who had been planning to accompany the equipment was not authorized to travel to Honduras.

15. (C) Pastor said that Hondurans feel that they are being punished for actions of the country's politicians for whom they have no responsibility for or control over. She complained about "economic sanctions," and when EconCouns noted that no such sanctions have in fact been applied, she said that the withdrawal of international aid and the suspension of non-immigrant visa processing have had the same effect. Many Hondurans, she noted, go to the U.S. to shop and resell goods in Honduras. Since the closing of the Embassy's visa section, this informal market was paralyzed, cargo consolidations have decreased, and ship containers destined for Honduras were emptier. Additionally, firms, both international and domestic, were afraid to invest in capital equipment due to uncertainty about the future. Since Honduran exports are starting to recover, she described the USG's actions as more harmful to American than to Honduran businesses.

16. (C) Atala said that he personally approved of the San Jose process, but shared the fears of many Hondurans about the possibility that Zelaya would not adhere to the accords

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and that his return would spur widespread violence. He said that he understood that the USG wants the business community to lobby the de facto regime on the San Jose Accords, but that he believed it difficult for people such as himself to do so. He felt that there might be greater support for the process if interlocutors clarified how the restraints on Zelaya would be enforced. EconCouns responded that the USG takes such concerns seriously and would welcome suggestions regarding what enforcement measures would be acceptable.

17. (C) Comment: None of the AmCham representatives seemed inclined to urge the de facto regime to sign the San Jose Accords despite the pressures imposed on the regime by the international community. Their claim that they had no ability to influence the de facto regime is false; they simply did not wish to do so. They remained unpersuaded that San Jose was viable, particularly with regard to whether effective confidence-building measures could be built into the accord.

LLORENS